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FM AMEMBASSY SANTIAGO
TO RUEHC/SECSTATE WASHDC 4096
INFO RUEHAC/AMEMBASSY ASUNCION 3665
RUEHBO/AMEMBASSY BOGOTA 2205
RUEHBU/AMEMBASSY BUENOS AIRES 1176
RUEHBR/AMEMBASSY BRASILIA 0570
RUEHCV/AMEMBASSY CARACAS 1872
RUEHPE/AMEMBASSY LIMA 5845
RUEHMN/AMEMBASSY MONTEVIDEO 4139
RUEHQT/AMEMBASSY QUITO 2013
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
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SUBJECT: CHILE MEDIA REPORT -- DECEMBER 12

Lead Stories

1. Dailies highlighted the fining of Chile's three major pharmaceutical drugstore chains for conspiring to overcharge consumers. Dailies also highlighted the cabinet changes and Jose Miguel Insulza's likely presidential candidacy.

U.S.-Related News

2. The Santiago Appeals Court unanimously upheld a 61-day imprisonment sentence against Jose Miguel Pizarro, the Chilean entrepreneur who recruited Chileans to work as security guards in Iraq. Pizarro was accused of violating the Private Guards Law. (Note: Pizarro represented Blackwater in Chile) (La Tercera, conservative, independent, circ. 101,000, 12/11.)

3. OAS Secretary General Jose Miguel Insulza arrived in Santiago today to define aspects of his eventual presidential candidacy. But to do this, Insulza must resign from the international organization. However, that resignation has some complicated considerations. In the OAS it is said that advisors to the U.S. President-elect are concerned that the Bush administration is trying to pressure Insulza, through Secretary Rice, into resigning before January 20, so that the current U.S. President can have a say on who will replace him in the OAS. Last night Insulza said, "I owe respect to those who elected me, beyond the dislike that this can cause for some in the party or in the Concertacion." (El Mercurio, conservative, influential newspaper-of-record (circ. 129,000, 12/11).)

4. In 2002, General Electric (GE) set up a technical aeronautics assistance center in Santiago as part of the offset for Chile's purchase of U.S.-manufactured F16s. Six years later, Carol Hartman, of GE Aviation, says the center has been a success, adding that "the future looks good." GE also set up an alliance with Technical University Federico Santa Maria so that aeronautics students can conduct internships at the center. This has been profitable for GE, which can tap into the new talent it needs to expand, and for the university, which has had to become academically more competitive to adapt to the center's requirements (La Segunda, conservative, afternoon, circ. 33,000, 12/10).

5. Peru wants Yale University to return 40,000 archeological pieces removed from the Lost City of the Incas, Machu Picchu, in 1911 by explorer Hiram Bingham and taken to the United States. The suit was filed on the grounds that the pieces are part of Peru's cultural

heritage (El Mercurio, conservative, influential newspaper-of-record, circ. 129,000, 12/11).

¶16. The Presidents of Russia and Argentina signed a civilian nuclear cooperation agreement during Cristina Fernandez' trip to Moscow. "To live in a world with no rules is bad, but even worse is to live in a world where the rules apply only to the weakest and where the strongest violate them repeatedly," said Russian President Medvedev after meeting with Fernandez. Medvedev just concluded a tour to the region that included countries that are critical of the United States, such as Venezuela and Cuba (El Mercurio, 12/11).

¶17. Palestinian Foreign Minister Riyad Al Malki is in Chile. In this interview, he warns over the eventual victory of the right wing party in Israel's election, noting that the party opposes the peace process with Palestine. He said that Hamas has not been in the talks with Israel, because as a political party it cannot take part in negotiations among states. On Obama, Al Malki said, "He represents a U.S. position that is opposite to Bush's and has expressed great interest in negotiations (La Tercera, 12/11).

Local News

¶18. The National Economic Prosecutor accused the three largest pharmaceutical chains -- Ahumada, Cruz Verde, and SalcoBrand -- of conspiring to jointly overcharge consumers for more than 222 drug products since 2007. The three chains control 92% of the local drug distribution market. The suit was taken before the Free Competition Defense Tribunal (All dailies, 12/11).

¶19. The cabinet members who will run for Congress next year resigned yesterday after 7pm: Labor Minister Oslvado Andrade, Under Secretary of Interior Felipe Harboe and Under Secretary of Culture Arturo Berrios. Bachelet accepted their resignation, but has not yet appointed their replacements. Government spokesman Francisco Vidal said there could be other changes between today and next week (All dailies, 12/11)

¶10. The National Emergency Office, ONEMI, has maintained the red alert in the areas surrounding the Chaiten Volcano in southern Chile (La Tercera, 12/11).

Human Rights

¶11. On the anniversary of the Universal Human Rights Declaration, President Bachelet placed the first stone of what will be a monument in Villa Grimaldi to remember the military regime's victims of human right violations. Villa Grimaldi is the former detention center where Bachelet and her mother were tortured. "Never again, the empire of cruelty. Never again torture," said Bachelet (La Nacion, government-owned, editorially independent, circ. 4,200, 12/11).

¶12. Amnesty International Chile (AI-Chile), the Diego Portales University and several NGOs' presented proposals for the protection of human rights. Foremost is the elimination of the Amnesty Law, the conclusion of pending human right trials with the corresponding reparation for the families of the victims, and the ratification of international human rights treaties. AI-Chile Director Karl Bohmer said it is "inconceivable" that Chile has not ratified the International Criminal Court, created an Ombudsman, drafted a law on genocide, or ratified the Convention Against the Disappearance of Persons (La Nacion, 12/11).

Environment

¶13. Brazilian company MPX Energy Chile is planning to build a coal thermoelectric generation plant in northern Chile. The plant will generate 2,100 MWs and should be ready by 2012. Environmentalists are already opposing the project, stating it is a setback on gas emissions. Sara Larrain of Chile Sustentable said that project is contrary to the international environmental commitments to which Chile has subscribed (El Mercurio, 12/11).